



ECONOMIC DEVELOPMENT

Major changes have reshaped the international economy over the last several decades. In response, most U.S. communities have developed policies that will encourage new business and generate economic growth.

Unfortunately, New Mexico has not attained as much success in this effort as we would like.

The options for many New Mexicans remain extremely limited and typically entail leaving the state to take advantage of new-economy, high-wage jobs.

Questions to Consider

- Does the description on the previous page fit your community?
- What is the foundation of the economy in your section of the state?
(Tourism, agriculture, etc.)
- What options do state and federal government, local communities, and citizens have to improve their economies?

INTRODUCTION

San Cristobal is a quiet, close-knit town in central New Mexico with a population of approximately 8,000 people. Located along the Rio Grande, it is bordered by mountains to both the east and west. National parks, small lakes, and open grasslands are nearby. There is a small but first-rate college on the outskirts of San Cristobal that draws from both the local community and the surrounding region. There is also an airport that was once used for military training and is acceptable for propeller aircraft and small jets. Like most other New Mexico towns, there is evidence of diverse streams of cultures and traditions in San Cristobal that have merged together over the years to form a pleasant environment that many individuals are proud to call home. Yet, while San Cristobal remains a lovely place to live in the minds of many, a series of problems has arisen recently that threaten the very fabric of the community.

The first problem is that two of the largest employers in town – Smith Industries and Logic Manufacturing – have been forced to close their facilities over the past two years as a result of restructuring guidelines from corporate headquarters. The immediate effect of these closures has been a radical increase in unemployment in San Cristobal, with no obvious replacement jobs in sight. An equally significant long-term effect of these closures has been a decrease in the tax base that will seriously impact the town's ability to pay for much-needed services such as education, health care, police, fire prevention, emergency medical services, and street maintenance. The lack of tax revenue has also forced a temporary freeze on salaries and benefits for local government employees in the areas mentioned above, causing a gradual but consistent loss of expertise from the town.

A second problem relates to the arrival of a Super Wal-Mart store last year. This is considered a blessing by some because of its "one-stop shopping" advantages, but for others this has resulted in the closure of small businesses that have been in the family for several generations. Many of the small stores that once circled a thriving town plaza are now empty and have been replaced by "For Sale" signs. This, in turn, has decreased the number of tourists who once came to the town, attracted previously by the quaintness of the town and its proximity to nearby national parks.

While San Cristobal still has the potential to be someplace special, the question that must now be addressed is how to revitalize the community and return it to its standing as a “livable” town. The current prospects for economic development in San Cristobal are minimal, and unless things change, there will be little opportunity for individuals to make a decent living. Although the college currently offers “trade-school” type classes, there are no jobs available after graduation that would allow one to raise a family or save for the future. High school students must be satisfied with working low-wage jobs if they wish to stay in town. Students who choose to attend four-year universities find that there is little reason to return to San Cristobal after graduation and typically stay in the Albuquerque area after finding decent jobs. Individuals who come to San Cristobal and are captivated by its small-town charm frequently consider moving there, but after discovering its current condition, decide to look elsewhere. Industries that contemplate locating in San Cristobal because of its relative proximity to national laboratories and the Mexican border see instability and inertia, and find little reason to invest in the community.

State officials have made it clear that funding to sustain local communities will not come from them. Rather, they have stated explicitly that the decline in rural New Mexico is not the state government’s problem. While some funds are available from the federal government to assist in re-structuring, the fact remains that this will not be enough and will do little good if applied in a haphazard fashion. The bottom line is this: a long-term strategic vision must be created for the town if it is to survive.

In this seminar you are part of the local leadership group that must create a viable economic development plan. Consider the four options and decide what you consider to be the most feasible, active response to the problems you now face. The question you face is this: how are you going to jump-start your community?

Option One

Attract large high-tech and/or manufacturing corporations to the town. The selling points of this strategy is your location, the potential livability of San Cristobal, and the existence of an excellent college, which would allow you to create specific classes that would prepare individuals for jobs at the corporations. The goal would be to integrate San Cristobal into the international market and capture some of the benefits flowing from this activity. Your proximity to Mexico would help in this effort. Some of the advantages of this strategy are that employment could increase significantly, the tax base would increase, and you would likely import a large number of intelligent and hard-working individuals to the community. Some of the disadvantages are that you would likely have to provide large tax incentives for corporations (thus decreasing any tax base you might gain). Due to international competition there would be no guarantee that the firm would remain in San Cristobal for an extended period of time, and there is the potential that the activities of these firms might have a negative environmental impact in the area.

Option Two

Establish San Cristobal as a recognized tourist/artist community. The selling points of this strategy are the proximity of the town to national parks and other recreation areas, and the cultural heritage that is already so much part of San Cristobal. The direction of this strategy would depend entirely upon your planning group: golf courses? scenic tours? season-specific festivals? art galleries? a combination of all the above? Some of the advantages of this strategy are that you might immediately attract individuals prepared to spend money and, even more likely, settle in the community and establish small businesses that would generate tax revenue over time. The disadvantages of this strategy depend upon the components of the plan, but it is inevitable that any plan that emphasized tourism and/or artisans might change the fundamental nature of San Cristobal. Over-development, traffic congestion, and a decline in the quality of life are the most frequently heard complaints in locations like Santa Fe and Scottsdale, AZ.

Option Three

Use research and development activities (R&D) at the national laboratories (e.g., Sandia) as a means to initiate a high-technology center in San Cristobal. The primary goal of this strategy would be to attract small start-up businesses that would use the expertise at the labs to build “clusters” of R&D – in essence a mini-Silicon Valley (CA) or Research Triangle (NC). The emphasis of these “clusters” would be defined by the planning group after market analysis, but given the increasing environmental concerns on the U.S.-Mexico border, one possibility would be energy-efficient, environmentally-sound technologies that can be used either to produce manufactured goods with minimal environmental impact or clean up the region. It is also possible these technologies could be sold throughout the world, establishing San Cristobal as the nexus of such activities. Some of the advantages of this strategy are that you would likely attract some of the country’s “best and brightest” scientists, venture capitalists, and entrepreneurs to the town, create a broad range of supplemental jobs (from lab technicians to janitorial services to construction), and establish a tax base that would provide revenue to the town. Some of the disadvantages of this strategy are mentioned in previous plans, namely over-development and a change in the fundamental nature of San Cristobal. There is also the danger that significant investments in these research parks will fail to attract quality firms, draining much-needed resources from the community without providing sufficient alternatives. Environmental problems are also a possibility.

Option Four

You find the plans mentioned above inappropriate for San Cristobal. You want to keep your town as it is, but with increased investment so that the community remains viable. Create an alternative economic development strategy that draws from efforts in another town.